

VZCZCXRO1433  
RR RUEHBC RUEHDE RUEHDH RUEHKUK RUEHROV  
DE RUEHLB #1237/01 3221310  
ZNR UUUUU ZZH  
R 181310Z NOV 09  
FM AMEMBASSY BEIRUT  
TO RUEHC/SECSTATE WASHDC 6077  
INFO RUEHEE/ARAB LEAGUE COLLECTIVE  
RHEHAAA/NSC WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOG/USDOC WASHDC

UNCLAS SECTION 01 OF 02 BEIRUT 001237

SIPDIS

SENSITIVE

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [ACOA](#) [PTER](#) [PGOV](#) [LE](#)

SUBJECT: LEBANON HOSTS MAJOR ITU CONFERENCE (ECONOMIC WEEK IN REVIEW, NOVEMBER 9-15, 2009)

CONTENTS

-----  
-- LEBANON HOSTS MAJOR ITU CONFERENCE  
-- MENAFATF 10TH PLENARY UPGRADED LEBANON'S AML/CTF SYSTEM  
-- MOST REMITTANCES USED FOR CONSUMPTION  
-- WORLD BANK ESTIMATES REMITTANCES AT \$7 BILLION IN 2009  
-- ECONOMY MINISTRY WARNS AGAINST COUNTERFEIT SALES

LEBANON HOSTS MAJOR  
ITU CONFERENCE  
-----

¶1. (U) Less than three years after its establishment, Lebanon's Telecommunications Regulatory Authority (TRA) hosted the International Telecommunications Union's Global Symposium for Regulators in Beirut November 9-11. U.S. Federal Communications Commission Chairman Julius Genachowski and U.S. Coordinator for International Communications and Information Policy Ambassador Philip Verveer led the U.S. delegation at the event, and regulators and industry leaders from over 150 countries also attended.

¶2. (SBU) The event coincided with the formation of a new Lebanese government and the turnover of the Ministry of Telecommunications from the Free Patriotic Movement's (FPM) Gebran Bassil to Charbel Nahhas, an ally of the party. Lebanese attendees at the symposium expressed optimism that Nahhas, a widely respected economist, would be a good partner in moving forward telecom reform. FPM leader Michel Aoun himself said publicly that Nahass was chosen "because he supports privatization" and would "enrich the discussion" on the topic.

MENAFATF SLIGHTLY  
UPGRADES LEBANON  
-----

¶3. (U) The 10th Middle East North Africa Financial Action Task Force (MENAFATF) Plenary was held November 9-11 in Beirut to discuss MENAFATF's 2010 Work Plan, its Strategic Plan for 2010-2012, and Lebanon's Mutual Evaluation Report (MER) of its Anti-Money Laundering/Counter-terrorism Finance (AML/CFT) system. A large number of AML/CFT experts from member countries, observer countries, and international institutions, including the World Bank, the IMF, FATF, Egmont Group, and the World Customs Organization, participated in the Plenary.

¶4. (SBU) Senior Director of Lebanon's Financial Intelligence Unit (FIU) Ibrahim Homsy told us November 13 that following the MER, Lebanon was upgraded from "Partially Compliant" to "Largely Compliant" on several core recommendations, including timely feedback by the FIU. As a result of this improvement, Lebanon would only be subject to a normal review, scheduled for September 2011, he said. Lebanon's MER was prepared by a team of MENAFATF experts following an on-site visit to Lebanon in February 2009.

15. (SBU) Lebanon's Central Bank Vice Governor (and former FIU Secretary) Mohammad Baasiri had lobbied Arab counterparts to support upgrading Lebanon's AML/CFT regime. In requesting USG lobbying support, Baasiri had told EmbOffs that Lebanon's FIU has been the most active member of MENAFATF. He had argued that Hizballah saw the FIU as an "extension of the U.S. Treasury" and would consider the lack of an upgrade as a victory.

MOST REMITTANCES  
USED FOR CONSUMPTION  
-----

16. (SBU) Around 90% of expatriate remittances to Lebanon are used for consumption purposes and only 10% are invested in development projects, according to the Investment Development Authority of Lebanon (IDAL). IDAL is urging expatriates to invest their money in projects that offer higher returns and stimulate economic growth. To facilitate this project, IDAL compiled a database of potential Lebanese migrant investors and launched a media campaign in countries with a large Lebanese presence, IDAL Advisor Laurent Aoun told us.

2009 REMITTANCES AT \$7 BILLION  
-----

17. (SBU) The World Bank has revised its estimate of remittance inflows to \$7.18 billion (from \$6 billion) in 2008, or around 24% percent of GDP in 2008, making Lebanon one of the largest recipients of remittances as a share of GDP worldwide. Meanwhile, for 2009 the World Bank forecast remittances to Lebanon at \$7 billion, or 22% of total remittances to the MENA region, representing a minimal decline compared to 2008's record high.

BEIRUT 00001237 002 OF 002

18. (SBU) Separately, Audi Bank research department head Dr. Marwan Barakat told us that he expects the World Bank to increase its forecast for remittances into Lebanon for 2009 as the country continues to witness substantial capital inflows. The World Bank and the IMF earlier projected that remittances into Lebanon would drop by 12% in 2009 as a result of the economic slowdown in the Gulf countries, but for the first nine months of 2009 the balance of payments recorded a \$4.8 billion surplus.

ECONOMY MINISTRY WARNS  
AGAINST COUNTERFEIT SALES  
-----

19. (U) The Ministry of Economy and Trade (MOET) issued a communique warning commercial establishments throughout Lebanon against selling counterfeit products and violating intellectual property and consumer protection laws. The communique noted that starting January 1 the MOET will increase its inspections throughout the country with the goal of confiscating counterfeits and taking legal measures against infringers. Although the IPR environment in Lebanon has improved in the past years, enforcement -- by the police, customs, and the judiciary -- remains the biggest obstacle.

DAUGHTON